

## Message Text

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ORIGIN NEA-10

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-08 FRB-03  
INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02 OPIC-03  
SP-02 LAB-04 OMB-01 AGRE-00 IGA-02 SS-15 L-03  
/072 R

DRAFTED BY NEA/PAB:DBARCHARD:DE  
APPROVED BY NEA:ALATHERTON, JR.  
EB/FFD:CRCAVANAUGH  
AID/FFP:AMERCKER  
OMB:RGREENSTEIN  
AGR:HKELLER  
AID/BIS:JCOE  
NEA:PWLANDE

-----160009Z 098445 /75

P 152156Z APR 77  
FM SECSTATE WASHDC  
TO AMEMBASSY DACCA PRIORITY

C O N F I D E N T I A L STATE 085423

E.O. 11652:GDS

TAGS:EAID, EAGR, BG, US

SUBJECT:BDG REQUEST FOR ADDITIONAL PL 480 COMMODITIES

1. BANGLADESH AMBASSADOR SIDDIQI CALLED ON ASSISTANT SECRETARY ATHERTON APRIL 13 TO DISCUSS BANGLADESH FOOD SITUATION. SIDDIQI DESCRIBED SITUATION AS ONE OF QUOTE SOME DESPERATION UNQUOTE AS INCREASE IN RICE PRICES HAS CAUSED QUOTE COMPLETE PANIC UNQUOTE IN THE BDG. GENERAL ZIA IS PERSONALLY TAKING A HAND IN THE SITUATION AND HAS TELEPHONED SIDDIQI, AS HAVE AIR MARSHALL MAHOOD AND COMMERCE ADVISOR RAHMAN, TO TRY TO ASPEED UP AND INCREASE FOOD ACQUISITION IN U.S. SIDDIQI DELIVERED AIDE MEMOIRE WHICH  
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REQUESTS ADDITIONAL 300,000 TONS FOODGRAINS AND 40,000 ;ONS VEGOIL UNDER TITLE I AND AN ADDITIONAL 100,000 TONS UNDER TITLE II (SEE SEPTTEL).

2. IN RESPONSE TO ATHERTON QUERY REGARDING NORMAL PRICE INCREASES DURING THIS SEASON, SIDDIQI SAID THIS YEAR'S INCREASE IS GREATER THAN NORMAL, THUS GIVING RISE TO FEARS

THAT HOARDING MAY BEGIN. SIDDIQI STRESSED THE PSYCHOLOGICAL ASPECTS OF THE CURRENT FOOD SITUATION AND THE NEED TO KEEP PRICES FROM SOARING. GENERAL ZIA, HE SAID, IS PRESSING HARD TO GET AN ANNOUNCEMENT OF AN ADDITIONAL U.S. ALLOCATION SO AS TO HOLD PRICES DOWN.

3. ATHERTON POINTED OUT THAT OF AMOUNT AGREED UPON APRIL 1, 50,000 SHOULD ARRIVE IN JUNE AND 50,000 IN JULY. THE REMAINING 100,000, WE HOPE, WILL BE READY FOR TENDER WITHIN A FEW DAYS. WE ARE SYMPATHETIC WITH THE NEED FOR AN ADDITIONAL ALLOCATION TO BE HANDLED ON A PRIORITY BASIS AND ARE REASONABLY HOPEFUL OF PROVIDING A SIGNIFICANT AMOUNT ALTHOUGH IT WILL PROBABLY NOT BE AS MUCH AS HAS BEEN REQUESTED. BEFORE WE ACT ON THE REQUEST, WE WANT TO RECONCILE CONFLICTING DATA WHICH WE HAVE RECEIVED. IN THIS REGARD, IT IS IMPORTANT THAT THE BDG CHANNEL ALL REQUESTS FOR US ASSISTANCE THROUGH EMBASSY DACCA AS UNCOORDINATED REQUESTS HAVE OFTEN CAUSED CONFUSION AND SLOW HANDLING OF REQUESTS. WE ARE CONCERNED THAT WE HAVE NO REPETITION OF LAST YEAR'S SITUATION WHEN SPOILAGE OF STORED GRAIN ENGENDERED MUCH ADVERSE CRITICISM IN THE UNITED STATES.

4. ATHERTON SAID WE HOPE TO BE ABLE TO GO AHEAD WITH ADDITIONAL ALLOCATION WITHIN TWO OR THREE WEEKS. WE ALREADY HAVE OUR EMBASSY'S RECOMMENDATION AND NOW MUST COORDINATE WITH OTHER DONORS, PARTICULARLY CANADA, AND WITHIN THE USG. IN THE MEANTIME, RECOGNIZING THE IMPORTANT PSYCHOLOGICAL ASPECTS OF THE SITUATION, WE ARE AGREEABLE TO A BDG UNILATERAL ANNOUNCEMENT TO BE MADE IN DACCA ON AN CONFIDENTIAL

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ADDITIONAL ALLOCATION. WE WILL INFORM THE BD EMBASSY THAT WE HAVE NO OBJECTION IN PRINCIPLE TO AN ANNOUNCEMENT THAT THE USG IS PREPARED TO ENTER INTO EARLY NEGOTIATION FOR ADDITIONAL TITLE I FOODGRAIN SUPPLIES. SPECIFIC LANGUAGE SHOULD BE WORKED OUT BETWEEN EMBASSY DACCA AND APPROPRIATE BDG OFFICIALS. WE SUGGEST YOU TRY TO SECURE AGREEMENT ON THE FOLLOWING LANGUAGE: QUOTE THE SECOND 100,000 MT OF US FOODGRAIN UNDER PL 480 TITLE I AGREED UPON APRIL 1, WILL ARRIVE IN JULY AND BRING THE TOTAL TITLE I ARRIVALS IN THAT MONTH TO 150,000 TONS. IN ADDITION, WE ANTICIPATE ENTERING INTO EARLY NEGOTIATIONS WITH THE US GOVERNMENT FOR ADDITIONAL TITLE I FOODGRAIN UNQUOTE.

5. WE RECOGNIZE THAT THIS LANGUAGE IS NOT AS FORTHCOMING AS THE BDG WILL WISH BUT IT IS AS FAR AS WE ARE PREPARED TO GO. WE WANT THIS MATTER HANDLED IN DACCA IN ORDER TO UNDERLINE OUR INTENTION TO KEEP THE BILATERAL DIALOGUE THERE.

6. REGARDING THE REQUEST FOR VEGOIL, COUNTRY DIRECTOR LANDE SAID OUR FIGURES ON STOCK AND OFFTAKE LEVELS DO NOT AGREE WITH THE BDG'S, BUT THAT WE ARE WAITING FOR EMBASSY DACCA REPORT ON THE SITUATION. UNTIL WE HAVE A BETTER READING OF THE SITUATION, WE CAN TAKE NO ACTION. OUR INITIAL REACTION, HOWEVER, IS THAT THERE IS NO IMMEDIATE NEED FOR VEGOIL. COMMENT: WE WOULD APPRECIATE YOUR FILLING US IN ON THE VEGOIL SITUATION ASAP. REGARDING THE TITLE II REQUEST, ATHERTON NOTED THAT THE REQUESTED AMOUNT WOULD DOUBLE THE CURRENT PROGRAM. THIS COULD CAUSE REAL PROBLEMS FOR THE CONCERNED AGENCIES, THE RELIEF MINISTRY AND CARE, AS THEY HAVE ONLY LIMITED RESOURCES. NONETHELESS, WE WILL LOOK CAREFULLY AT THE ADDITIONAL REQUEST, WHICH WE UNDERSTAND HAS JUST BEEN SUBMITTED TO EMBASSY DACCA. COMMENT: WE WOULD APPRECIATE YOUR THOUGHTS ON A TITLE II INCREASE.

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7. ATHERTON CLOSED MEETING BY NOTING RECENT STANCE OF BDG ON THE PUERTO RICO ISSUE AT NACC MEETING, STATING WE VERY MUCH APPRECIATE THE RESERVATIONS WHICH THE BDG ENTERED ON THE TWO PUERTO RICO RESOLUTIONS. VANCE

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## Message Attributes

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**TAGS:** EAID, EAGR, BG, US  
**To:** DACCA  
**Type:** TE  
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